



News from

Congressman Ron Kind

REPRESENTING WISCONSIN'S THIRD
CONGRESSIONAL DISTRICT

1406 Longworth House Office Building • Washington, D.C. 20515 • (202) 225-5506

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Contact: Stephanie Lundberg
Phone: 202-225-5506

Kind Votes Against Student Aid-Cutting Budget Bill

Congress Targets Students and Working Families to Finance Tax Cuts for the Rich

Washington, DC – By a vote of 216 to 214, the U.S. House of Representatives this afternoon narrowly approved a budget-cutting bill that takes \$39 billion out of critical health, education, and other services for American families, including a \$12 billion¹ cut to federal student aid programs, in order to finance multi-billion-dollar tax breaks for the wealthiest Americans. Rep. Ron Kind (D-WI) voted against the measure. There are approximately 138,000 student borrowers in the state of Wisconsin who stand to be impacted by the cuts.

When coupled with the proposed tax breaks that are included in the House leadership's 2006 agenda, today's legislation – which supporters have misleadingly claimed was meant to help reduce the budget deficit – will actually *increase* the deficit.

“The President spoke last night about the importance of education to sustaining America's competitiveness in today's global economy. Now, less than 24 hours later, this House has enacted the largest raid on student aid in history even while millions of American families are struggling to afford the rising cost of college,” said Rep. Ron Kind, a member of the House Education and the Workforce Committee.

The cuts to student aid come from: raising the interest rate cap that parents pay when they take out federal loans to finance a child's college education from 7.9 percent to 8.5 percent; a new 1% insurance fee that student borrowers must pay to guarantee agencies; the elimination of \$2.2 billion in critical funds used to administer federal student loans. Congress also missed an opportunity to use the billions in savings from ending excessive lender subsidies to curb the rising costs of education.

Instead of passing this raid on student aid, Kind said that Congress should have adopted Democratic ideas for making college more affordable without costing taxpayers a dime or adding to the budget deficit. Specifically, Kind said Democrats wanted to eliminate excessive subsidies paid to lenders in the student loan industry and use the savings to make loans more affordable and increase Pell grant scholarship for low- and moderate-income students.

¹ Congressional Budget Office estimate revised and updated on January 26, 2006.

In his State of the Union speech last night, President Bush said, “We must continue to lead the world in human talent and creativity. Our greatest advantage in the world has always been our educated, hardworking, ambitious people – and we’re going to keep that edge.” Kind said today that the President and the Congressional majority have already begun to walk away from that promise by passing the budget-cutting bill today.

“America is number one in the global economy, and we can stay number one if we make aggressive investments in education, innovation, and future generations,” Kind said. “President Bush said as much last night, but today the Congressional majority showed that they have no credibility on the issue. At a time when education is at a premium and we need to be growing the economy we should be making it easier, not harder, for students to get a college education.”

Kind also praised Wisconsin students who protested the cuts for their tireless, months-long grassroots effort to stop the raid on student aid.